

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

VALASSIS NSA

Docket No. MC2012-14

Docket No. R2012-8

Comments of News & Record

These comments are submitted on behalf of Greensboro News & Record, LLC. The Greensboro News & Record is the largest newspaper serving Guilford County, North Carolina and the surrounding area in North Carolina's central triad region. Product offerings from the company include the NEWS & RECORD daily newspaper, including a zoned edition for neighboring Rockingham County. In addition to the core newspaper, the company offers advertisers the ability to reach non-subscribers in its area via The Clipper, a direct mail product which is distributed to non-subscribing addresses in the marketplace. Greensboro News & Record also produces targeted niche publications across its market, and has established a significant online position with websites including news-record.com, gotriad.com, triadcareers.com, triadcars.com, and triadhomes.com.

Preprint advertising from the durable/semi-durable goods category is vital to the strength of our newspaper. Our readers look to this advertising information to make shopping decisions which translates in local spending which helps keep local residents employed and provides tax revenues needed to make our communities vibrant.

At a time when area unemployment hovers near 10% anything we can do to have a positive impact on the local economy is important. The revenues from preprints allow us to maintain our editorial staff and engage in quality journalism that benefits the entire community. Without a strong revenue flow we would not be able to fulfill our mission of connecting with the community and providing local news and information our readers want. In the past year our coverage of local schools, government and economic development has been a constructive part of the dialogue on the future of Greensboro. The community expects the local newspaper to play a leading role in fostering these discussions about the future of our communities.

With revenues reduced in such a dramatic way we would no longer be able to play a key role. Once this happens our subscriber base would be negatively impacted as well as our other advertising revenues that keep us a strong voice in the community.

Preprinted advertising inserts from the durable & semi-durable goods represent 60% of our Sunday preprint revenues and 54% of our overall preprint revenues. If the Postal Regulatory Commission gives Valassis an unfair advantage we could lose 50% -75% of our current preprint revenues. The loss of revenues would dramatically change how we operate and lead to diminished resources to cover news and provide information vital to the citizens of Greensboro and surrounding communities. Personnel decisions and staffing levels would be impacted at all levels of our organization and the resulting impact would be

felt throughout the community. If we are unable to provide thorough news coverage and analysis, due to revenue losses resulting from Valassis being given preferential treatment by the USPS, then the entire community loses.

We believe that the USPS has dramatically underestimated the amount of impact the proposed Valassis NSA would have on our newspaper, the entire newspaper industry and our community. Comparing postage revenue with advertising revenue is not the proper way to assess the impact on the newspaper industry and does not take into consideration local market impact if the NSA is allowed. We would ask that USPS be required to provide additional data examining Valassis ad revenues compared to local newspaper preprint revenues. A detailed study by an independent third party should be required of the USPS as part of the due diligence on this proposal. This study should accurately reflect the impact on the top 300 newspaper markets across the country. The results should include detailed outline of the changes in each marketplace that could occur with passage of the proposed NSA.

The proposed NSA allows Valassis to cancel the agreement with only 30 days notice and not incur any penalty. Essentially USPS would give Valassis the ability to decimate the newspaper industry during this trial period and then walk away. The resulting instability in the marketplace would not only harm newspapers but retailers and consumers as well. Retailers and consumers would have no recourse once this marketplace disruption was enacted. It would be reckless for the Postal Regulatory Commission to allow this disruption in the marketplace and allow Valassis to walk away penalty free.

Greensboro News & Record has been a loyal postal service customer for decades. We have attempted to negotiate a lower rate for our TMC product with the local Post Master General to no avail, being repeatedly told that we are getting the best rate. Based on this new proposed NSA for Valassis, it appears we are indeed not getting the best rate. In 2011, Greensboro News & Record spent in excess of \$1,300,000 with the postal service to deliver Total Market Coverage products. We need to remain on a competitive basis on TMC delivery expenses. Approval of this advantaged-rate Valassis NSA will push us to move our TMC product out of the mail system to alternative delivery sources in order to remain competitive.

Greensboro News & Record asks the Commission to reject the proposed NSA. The proposal, through its non-competitive pricing advantage, will allow Valassis the opportunity to lure advertising dollars from durable goods merchants away from traditional newspaper distribution. By doing so, it will cause disruption in the local advertising markets, impact the newspaper industry's ability to maintain serviceable margins, and ultimately drive Total Market Coverage products out of the U.S. mail to alternative delivery carriers. The end result will be disruption in local advertising markets, as well as lower total revenues for the postal system coupled with lower margins on any volume obtained through the NSA's lower pricing.

Respectfully submitted,

Robin A. Saul
President & Publisher
News & Record